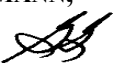





SUGAR LAND DEVELOPMENT CORPORATION

AGENDA REQUEST

AGENDA OF:	07-06-10	AGENDA REQUEST NO:	II-A
INITIATED BY:	NELDA MCGEE, EXECUTIVE SECRETARY	RESPONSIBLE DEPARTMENT:	CITY SECRETARY
PRESENTED BY:	GLENDA GUNDERMANN, CITY SECRETARY	DEPARTMENT HEAD:	GLENDA GUNDERMANN, CITY SECRETARY 
		ADDITIONAL DEPARTMENT. HEAD (S):	N/A
SUBJECT / PROCEEDING:	MINUTES SUGAR LAND DEVELOPMENT CORPORATION MEETING JUNE 01, 2010 APPROVE MINUTES		
EXHIBITS:	MINUTES JUNE 01, 2010		
CLEARANCES		APPROVAL	
LEGAL:	N/A	DIRECTOR:	REGINA MORALES,  DIRECTOR OF ECONOMIC DEVELOPMENT
PURCHASING:	N/A	ASSISTANT CITY MANAGER:	N/A
BUDGET:	N/A		
BUDGET			
EXPENDITURE REQUIRED: \$		N/A	
CURRENT BUDGET: \$		N/A	
ADDITIONAL FUNDING: \$		N/A	
RECOMMENDED ACTION			
Approve the minutes of the Sugar Land Development Corporation meeting June 01, 2010.			
EXECUTIVE SUMMARY			

EXHIBITS

STATE OF TEXAS §
COUNTY OF FORT BEND §
CITY OF SUGAR LAND §

CITY OF SUGAR LAND
SUGAR LAND 4A CORPORATION MEETING
TUESDAY, JUNE 01, 2010

REGULAR MEETING

The Sugar Land 4A Corporation convened in regular meeting open to the public, in the Cane Room 161 of Sugar Land City Hall on Tuesday, June 01, 2010 at 4:00 o'clock P.M. and the roll was called of the members to wit:

Thomas Abraham, President
Jacqueline Baly Chaumette, Vice President
Donald L. Smithers, Secretary
Russell C. Jones, Director
Donald Olson, Director
Michael Schiff, Director
James A. Thompson, Director

QUORUM PRESENT

All of said members were present, with the exception of Director Chaumette, who was absent, and Director Thompson, who arrived at 4:27 p.m.

Also present were:
Allen Bogard, City Manager
Joe Morris, City Attorney
Karen Dally, Assistant City Manager
Judy Janecek, Director of Public Affairs
Regina Morales, Director of Economic Development
Jennifer Brown, Budget and Research Director
Mike Hobbs, Director of Public Works
Nelda McGee, Executive Secretary, and
A Number of Staff and Visitors

CONVENE MEETING

President Abraham convened the session, open to the public, to order at 4:04 o'clock P.M.

MINUTES

President Abraham introduced consideration on the minutes of the Sugar Land Development Corporation meeting held May 04, 2010.

Following a full and complete discussion, **Director Smithers**, seconded by **Director Olson**, made a motion to approve the minutes of the Sugar Land Development Corporation meeting held May 04, 2010. The motion carried unanimously.

TOWN SQUARE

President Abraham introduced consideration on authorizing Developer Reimbursement in the amount of \$1,698,746 to Planned Community Developers for Town Square infrastructure and authorizing a budget amendment in the amount of \$1,698,746 in expenditures.

Ms. Jennifer Brown, Budget and Research Director stated Planned Community Developers notified the City in May that the 90%, 162,000 square foot retail occupancy requirement had been met and requested payment reimbursement; staff provided a listing totaling 172,000 occupied square footage stating that the Fund Balance will cover the reimbursement and recommends approval of the final reimbursement and budget amendment.

Director Schiff asked if the definition of “occupancy” includes duration or value of leases. **Ms. Regina Morales, Director of Economic Development** responded no; occupancy can be determined at any given moment in time and there is no provision for maintaining 90% occupancy. A list of store closings was provided; three new signed leases will provide additional square footage.

Director Schiff asked if the expected additions were on top of the 172,000 square feet and why there were differences in PCD square footage calculations and the City calculation. **Ms. Morales** confirmed the additions were above the 172,000 square feet; PCD calculation is for occupied retail space only; the city calculation includes corridors and other unusable spaces in the 178,000 square feet. Director Schiff asked if money was collected only on the 172,000 square feet; Ms. Morales replied affirmatively.

Following a full and complete discussion, **Director Schiff**, seconded by **Director Olson**, made a motion to approve Planned Community Developer Reimbursement in the amount of \$1,698,746 for Town Square infrastructure and authorizing a budget amendment in the amount of \$1,698,746 in expenditures. The motion carried unanimously.

SPORTS STADIUM

President Abraham introduced discussion on negotiations and processes related to development of a sports stadium, site selection, delivery method, and construction timeline.

Ms. Regina Morales, Director of Economic Development presented an overview of the timelines of the Letter of Intent with Opening Day Partners, the site selection process, agreement development, and stadium delivery method.

SPORTS STADIUM (CONTINUED)

Letter of Intent

- July 01, 2010
 - Definitive agreements (first draft) due to Opening Day Partners
 - Select professionals to start process of stadium design
- September 01, 2010
 - Site selection
 - Initial General Site Plan
- Sixty days after site selection (Developer and City)
 - Project budget
 - Preliminary schematic drawings
 - Infrastructure design/development
- March 01, 2011
 - Substantial business verified by Opening Day Partners (naming rights, stadium suite leases, and sponsorship dollars committed)
 - League agreement with Atlantic League
 - Stadium construction plans approved
 - Construction contract
 - Government approvals completed
 - Bond financing closed
 - Enter into definitive agreements

Site Selection Process

Continued Evaluation of the University of Houston Lease Site

- May 20, 2010
 - Facilities development agreement submitted to University of Houston (required by ground lease with the University of Houston)
- July 20, 2010
 - University of Houston response to facilities development agreement due

The City Manager received a response from University of Houston stating they were in receipt of the facilities development agreement and "... as laid out in the Ground Lease, the property must be used for higher education purposes. It is essential that we have this issue clearly delineated and negotiated before we can agree to the language as set out in your proposed facilities development agreement." City Legal Counsel Andrews Kurth advises there is no additional negotiation needed; this development is an allowable use as described in the Ground Lease under the definition of facility on the lease site. The Facilities Expansion Agreement approved in conjunction with the Ground Lease represents that the University of Houston has the authority to lease back to the 4B Corporation for uses described in the Ground Lease. The City position is the determination for higher education purposes has already been made; if the University desires classroom space for education or a degree program at the facility, they may request over-sizing or additions to the facility at their expense for proportional cost of design, construction, operation, and maintenance. The City will follow the terms of the Ground Lease and the Facilities Expansion Agreement as approved by Sugar Land4B Corporation and the Board of Regents in 2005.

SPORTS STADIUM (CONTINUED)

Director Jones asked if there was anything in the lease that allows uses to be revisited and why this indication of use issue has resurfaced in recent months. **Ms. Morales** stated the new administration at the University desires to renegotiate use; the City contends there is a negotiated agreement in place and will provide a response to the University within the next few days.

Ms. Morales commented that during June staff will continue efforts to keep the public informed through education and increased communication on the site development process.

Evaluation of Other Lease Sites

- May 11, 2010
 - Request for Supplemental Information distributed to land owners
- June 15, 2010
 - Deadline for proposals from developers: Newland Communities; Weaver, Davis, and Jacob; and Johnson Development

Comparative Evaluation

- July 15-21, 2010
 - Comparative analysis and evaluation of sites
 - Review with the Economic Development Committee
- July 27, 2010
 - Discuss with City Council, make recommendation based on site selection criteria

Contract Approval for Site

- Prior to September 1, 2010

Criteria for Site Selection

- Site criteria for stadium established in the RSI requires
 - Site plan with all surrounding projected uses; demonstrate additional economic activity and maximum community benefit
 - Infrastructure needed to support stadium; show timing meets construction deadlines
 - Drainage and flood plain issues resolved or provide schedule for resolving issues
 - Cost effectiveness; donate portion of land, especially land needed for parking

Due Diligence by Staff

- Site analysis will include
 - Environmental assessment
 - Technical (geotech)
 - Traffic Impact Analysis
 - Timing of infrastructure; meet Sugar Land timeline for construction
 - Quality of life impacts, community concerns

Communication

- Public Education; 1 public site and 3 private sites being considered
 - Press releases

SPORTS STADIUM (CONTINUED)

- Sugar Land Today articles
- SLtv 16
- Website updates

Ms. Morales commented that communication will be ongoing throughout the process; updates will be provided to the community with each Council action. Site selection and rollout will be by the end of Summer 2010.

Agreement Development

Ms. Morales stated many of the key issues were determined in the term sheet attached to the Letter of Intent; open issues with Opening Day Partners include:

- Renewal terms and associated rent
- Capital repair fund
- Management advisory committee or inspection process
- Non-relocation and associated liquidated damages
- Transition to affiliated team and ODP buyout terms

Staff requested legal counsel Andrews Kurth and Mr. Bill Rhoda, Conventions, Sports, and Leisure, International (CSL) provide a recommendation based on industry standards and how other stadiums of like size and caliber have addressed the key issues through their agreements.

Director Olson asked if the agreements needed to be submitted in draft form by July 01, 2010, and if the City provides the first draft; **Ms. Morales** replied affirmatively, adding the City is addressing the issues in a single development/lease agreement.

Director Smithers asked if the University of Houston had the option of saying they were not interested; **Ms. Morales** responded affirmatively. **Director Jones** questioned whether the City was prepared to take a firm position with the University; **Ms. Morales** stated the Ground Lease requires submittal of the Facilities Development Agreement to trigger final approval. **Director Jones** asked about the criteria for final approval; **Mr. Bogard, City Manager** stated it is specified in the lease agreement and states it “will not be unreasonably withheld.” City follow-up has not been determined in the event the University issues a negative response; discussion will be a conversation for the City Council in Executive Session.

President Abraham asked what will happen if the University takes too long to respond; **Ms. Morales** stated that if a response is not received by July 20, 2010, it is automatically approved. The University would like to renegotiate however, the approved and executed terms of the Ground Lease are not negotiable.

Director Smithers asked if the property was given to the 4B Corporation or the University of Houston. **Mr. Bogard** stated the property was originally given to the University of Houston; **Ms. Morales** responded that the property was leased to the 4B Corporation for \$3,500,000. **Director Olson** commented that even if the University of Houston said yes, it doesn’t mean that will be the site; there may be a better option.

SPORTS STADIUM (CONTINUED)

President Abraham asked if the problem could be the University of Houston thinks the 4B is subleasing. **Director Schiff** stated that the 4B Corporation is leasing the property, but will own the stadium; there is no sublease. Mr. Bogard stated this may become a business decision based on the responsiveness of the University and what future relationship the City wants to have with the University.

Ms. Morales discussed the timeline for the first draft of the Agreement:

- June 09, 2010, review findings, information, and recommendation from CSL with the Economic Development Committee
- June 22, 2010, take draft documents to the EDC for review and discuss identified issues
- June 29, 2010, possible Executive Session with City Council; draft documents discussed with the EDC will be presented to City Council prior to the Executive Session
- July 01, 2010, submit agreement to Opening Day Partners
- July through October/November, 2010, negotiations and revisions between ODP and the City

Stadium Delivery

Mr. Mike Hobbs, Special Project Manager has been assigned to expedite the baseball stadium delivery. **Mr. Hobbs** presented an overview of the stadium delivery method and entertained Board consensus to enter into a Phase I contract to begin the construction project.

Two methods were considered: Construction Manager at Risk (CMAR) and Design/Build, the preferred method. With the design/build method, the City is required by statute to enter into a contract for an architectural engineering firm to serve as city representative; this is not the firm that will design the project. Anticipated fees for the representative service is anticipated to be 1 percent, plus or minus \$300,000.00; fees for the firm selected as part of the design/build (one team consisting of architect, engineer, and contractor) will be 5-8 percent of the construction costs. **President Abraham** asked if the representative will stay with the project from beginning to end; **Mr. Hobbs** replied affirmatively.

The representative firm will be working on two concurrent processes:

- Creating bridging documents, specifications provided to design/build team to construct building
 - Most critical phase of the project
 - May include drawings from a previous ODP stadium to provide the design/build team an idea of the finishes, sizes, specifications needed
- Developing a Request for Qualifications (RFQ) for the design /build team
 - Packet will provide the criteria for selecting short list of firms to build the stadium
 - Pre-solicitation, release of project information to stimulate industry discussion
 - RFQ evaluation, statute requires selection of 3 minimum/5 maximum firms qualified to build stadium
 - Solicit Request for Proposals from the firms selected, proposals will include 3D renderings of the stadium, building finishes, various component specifications, building schedules, and a “not-to-exceed” cost
 - Conduct interviews with firms and make preliminary selection
 - Begin negotiations with selected firm and refine budget

SPORTS STADIUM (CONTINUED)

With the build/design process the architect and contractor work concurrently. Scheduling for other scenarios requires the architect completely finish the plans and give to the contractor to price, negotiate, and finally construct which can cause time delays.

Director Olson asked about the city permit and plan approval process. **Mr. Hobbs** stated Jim Callaway, Executive Director of Community Development, has the resources in place for multiple plan inspectors to be on site to accommodate if necessary.

Director Jones asked why the design/build procedure was the preferred method. **Mr. Hobbs** stated scheduling was the primary consideration; the CMAR method adds approximately 3 months to the process. **Ms. Morales** added one of the concerns with the design/build method is minimal owner control after contract with the design/build firm; the City can successfully complete the project with a design/build firm because of the partnership with Opening Day Partners, who will provide project oversight. Mr. Hobbs added that OPD project consultant, Trish Englund, was hired from the firm that designed the last two stadiums and brings invaluable experience to the process. Hiring the right firm to create the right documents is critical; the City has the opportunity to review the proposals to ensure satisfaction with cost, schedule, and finished project. Mr. Hobbs stated two variables for the project are the Board's vision for a stadium in Sugar Land, Texas, based on site selection and the expected profit. There are many firms capable of building the stadium; the key will be partnering with a good architect on the design/build side.

Director Jones asked how the City ensures the final product will be what was discussed if there is minimal owner involvement with construction. **Mr. Hobbs** stated that based on the information provided by the City, firms will submit a proposal based on what the City requires in order to be comfortable with the decision that the project will meet the city desired outcome; after 3-5 contractors have been selected, the City will painstakingly evaluate each proposal and choose the contractor that meets the criteria and vision.

Director Jones asked what the architects do after submitting the bridging documents. **Mr. Hobbs** stated the architects will do plan review, periodic site review, and submittal review to ensure customizations meet specifications; the proposed firms have architects, civil engineers, and other specialists on staff that will be hired separately; in-house plan inspection is required for code purposes. Director Jones asked if the architect would have a project manager overseeing the work; Mr. Hobbs stated a project manager is not necessary; the City will have consultants and inspectors as needed and ODP will be on site.

Director Smithers asked if the City consultants are the 1 percent of construction costs discussed earlier and **Mr. Hobbs** responded affirmatively. State law requires that an architectural engineering firm represent the City.

Director Thompson stated that the bridging documents provide the City Council and public with the opportunity to be involved in the process; once the documents are created and sent to the contractor, the project becomes a set process. **Mr. Hobbs** stated the bridging documents are the most critical component but that the City has the ability to make changes during the process; the fact that the City is partnering with (ODP) who has built 14 stadiums should accelerate the process.

SPORTS STADIUM (CONTINUED)

Mr. Hobbs stated that because of the tight schedule, he, ODP, the City Manager, and Ms. Morales met several times to discuss the architectural engineering firm choice. Based on local presence, project experience in Sugar Land, and design/build experience, two firms stood out: Pierce, Goodwin, Alexander, and Linville (PGAL) and Huitt-Zollars. Both firms have civil engineering and architectural capability in-house; ODP interviewed both firms and agrees that either firm could do the job; staff anticipates a decision within a week. With consensus of the Board negotiations will commence for Phase I Services Contract, 13-15 weeks, assuming site selection. **Director Olson** asked the cost; Mr. Hobbs responded an estimated \$50,000.00.

Director Thompson asked about the work history with the City for each firm. **Mr. Hobbs** responded PGAL projects, primarily architectural, include city hall, police station expansion, and Sugar Land Regional Airport, all which were CMAR projects, the Houston Museum of Natural Science Sugar Land, several suite build-outs, and the 2005 Public Works Master Plan. Huitt-Zollars projects include Memorial Park, University Boulevard, and several civil and structural projects. All work performed by each firm has been successful and significant.

Director Olson asked if the firms had submitted a list of people committed to the project. **Mr. Hobbs** responded that will be part of the process; Greg Wine, Manager of Huitt-Zollars Houston Office Public Works Practice Group, and Jeffrey P. Gerber, President and Chief Executive Officer of PGAL, will be the principals on site.

Director Schiff asked if staff was asking for Board approval to select one of the two firms and to authorize \$50,000.00 for a Phase I Contract. **Mr. Hobbs** responded staff is requesting consensus for up to \$50,000.00 for the City Manager to execute a contract based on the recommendation of ODP and the City and the consensus to utilize the design/build delivery method for the project.

President Abraham suggested it would be a good idea for the two companies to discuss the project with the Economic Development Committee. **Director Thompson** commented that from a time standpoint, the design/build delivery method is the best methodology; the first phase is the most important, and whatever firm is selected will determine the success of the project stating he is comfortable with either one; the key is which method Mr. Hobbs feels will provide the desired results. **Director Olson** commented that the design/build method is the best choice for quality purposes as well as time. Director Thompson stated one of his concerns was that whatever firm is chosen continues to provide input throughout the entire process to ensure what is designed is built. **Director Olson** stated both firms are very reputable and he would be satisfied with either choice. **Director Schiff** commented that for quality and the possibility of opening on time, design/build is the only choice; an Economic Development Committee meeting with the two firms would most likely not provide new information. Mr. Hobbs and ODP have the ability to review the specific skills and experience needed to create the bridging documents and determine which firm will be the best match. Director Thompson stated it is important to remember the decision is between the City and ODP; based the professional expertise of Trish England, which should be a significant influence on the decision.

SPORTS STADIUM (CONTINUED)

Mr. Bogard, City Manager stated the process could be largely dominated by ODP, except for the strong, positive working relationship the City has had with each of the firms.

Director Thompson asked if other architectural firms will have an opportunity to be involved with a contractor as we move into Phase II. **Mr. Hobbs** stated the purpose of the pre-solicitation was to increase awareness and confirmed that other firms will have the opportunity. Director Thompson asked if PGAL and Huitt-Zollars would have the same opportunity in Phase II or if checks and balances would prohibit. Mr. Hobbs stated that the firm selected for Phase I cannot participate on the design/build side. **Director Olson** added that the firm selected for Phase I will get a second contract to continue through Phase II.

Mr. Bogard asked for additional discussion on public side of the site selection process, and commented that a public statement has been made concerning the four sites. **Director Jones** asked if a press release has been issued or only the television announcement; **Ms. Morales** responded there has been no press release. Mr. Bogard stated the Board needed to review the criteria for selection before going public; **Director Thompson** commented there is already public knowledge since the four sites were part of Ms. Morales's City Council presentation and the Request for Statement of Interest has gone out. Ms. Morales stated the criteria are included in the RSI for submitters to address in their proposals; part of the due diligence is to address key issues in performing analysis of the sites. Websites are continually updated and a press release will be issued by the end of the week regarding the process and timeline for the decision.

Director Smithers stated his concern that there were two different dates: July 20, 2010 for the University of Houston and June 15, 2010 for all others. **Ms. Morales** stated that is to allow time to analyze the proposals; staff knows the necessary infrastructure, construction timelines, and all the nuances associated with the University of Houston site. **Director Thompson** asked if staff would come back with a grid of whoever responds, Ms. Morales confirmed they would. **Director Jones** suggested if the purpose is to inform the public of the project and surrounding issues, traffic noise and safety should be put at the top of list; most people will be more concerned about that than the geotech aspects of the site.

Mr. Bogard stated bridging documents cannot be created until a site is selected; all necessary due diligence should be completed prior to any concerns or questions the public might have; the City needs to move through the process quickly to meet the August/September time period for City Council decision on the site. **Director Jones** asked if there has been any feedback from the three private landowners regarding response time. **Director Thompson** stated he had not heard anything; **Ms. Morales** added they had over 30 days.

Director Smithers asked if the referendum required the baseball stadium to be located on the University of Houston site. **Mr. Bogard** responded there is no obligation as long as 4A funds are not used. **Director Thompson** stated the referendum was for 4A to be used for baseball; 4A and 4B funds could both be used for the entertainment district; 4B funds could be used for baseball and/or the entertainment district. Mr. Bogard stated the City has decided not to use the 4A funds outside the entertainment district and avoid the site location issue. Since the site has not been selected and money is set aside in the 4A budget, the City is asking the 4A Corporation to fund the initial \$50,000.00 contract; the 4B Corporation will be asked to do the next piece of the contract.

RESOLUTION

President Abraham introduced consideration on **SUGAR LAND DEVELOPMENT CORPORATION RESOLUTION NO. 2010-06-03** A RESOLUTION OF THE SUGAR LAND DEVELOPMENT CORPORATION APPROVING PROJECT FUNDING FOR LEGAL, ENGINEERING, ARCHITECTURAL, AND SURVEYING SERVICES RELATED TO A SPORTS STADIUM, A CONCERT AND LIVE ENTERTAINMENT VENUE, AND FESTIVAL SITE UNDER THE FUNDING AGREEMENT WITH THE CITY OF SUGAR LAND.

Ms. Regina Morales, Director of Economic Development stated Sugar Land Development Corporation budgeted \$1,100,000 in the current Fiscal Year Budget for stadium and concert venue expenses. Staff is requesting the Board approve a funding resolution in the amount of \$275,000.00; \$150,000.00 will be for additional legal expenses with Andrews Kurth for negotiations involving the development of the lease agreement for the baseball stadium; \$50,000.00 will be dedicated to the consulting architect and engineer for the first phase of services with the revenue source for future services being determined upon site selection; \$75,000.00 will be for other related expenditures, traffic impact analysis, geotech required surveys, and other incidental expenses incurred during the site selection and acquisition process.

Director Smithers asked why venues for the baseball stadium, concert and live entertainment, and festival site have all been joined together. *Ms. Morales* responded to keep the funding as flexible as possible as the project progresses and avoid frequent amendments to the resolution. *Director Smithers* expressed concern in financially supporting both venues. *Mr. Bogard* stated there is no intent to spend funds associated with the concert venue until a decision is made by City Council. Director Smithers stated he was comfortable with the baseball stadium, not the other venues and does not want to commit to something the Board may not be able to fund. Ms. Morales stated the resolution was only for expenses associated with the baseball stadium. *Director Jones* asked if the dollar amount is stated in the body of the resolution; Ms. Morales confirmed the amount of \$275,000.00 is stated in the resolution.

Following a full and complete discussion, *Director Olson*, seconded by *Director Schiff*, made a motion to approve **SUGAR LAND DEVELOPMENT CORPORATION RESOLUTION NO. 2010-06-03** A RESOLUTION OF THE SUGAR LAND DEVELOPMENT CORPORATION APPROVING PROJECT FUNDING FOR LEGAL, ENGINEERING, ARCHITECTURAL, AND SURVEYING SERVICES RELATED TO A SPORTS STADIUM, A CONCERT AND LIVE ENTERTAINMENT VENUE, AND FESTIVAL SITE UNDER THE FUNDING AGREEMENT WITH THE CITY OF SUGAR LAND. The motion carried, with Director Smithers opposing the inclusion of concert and live entertainment venue.

ADJOURN

There, being no further business to come before the Corporation, *Director Schiff*, seconded by *Director Olson*, moved that the meeting adjourn. The motion carried unanimously and the meeting adjourned, time at 5:12 o'clock P.M.

Thomas Abraham, President
(SEAL)